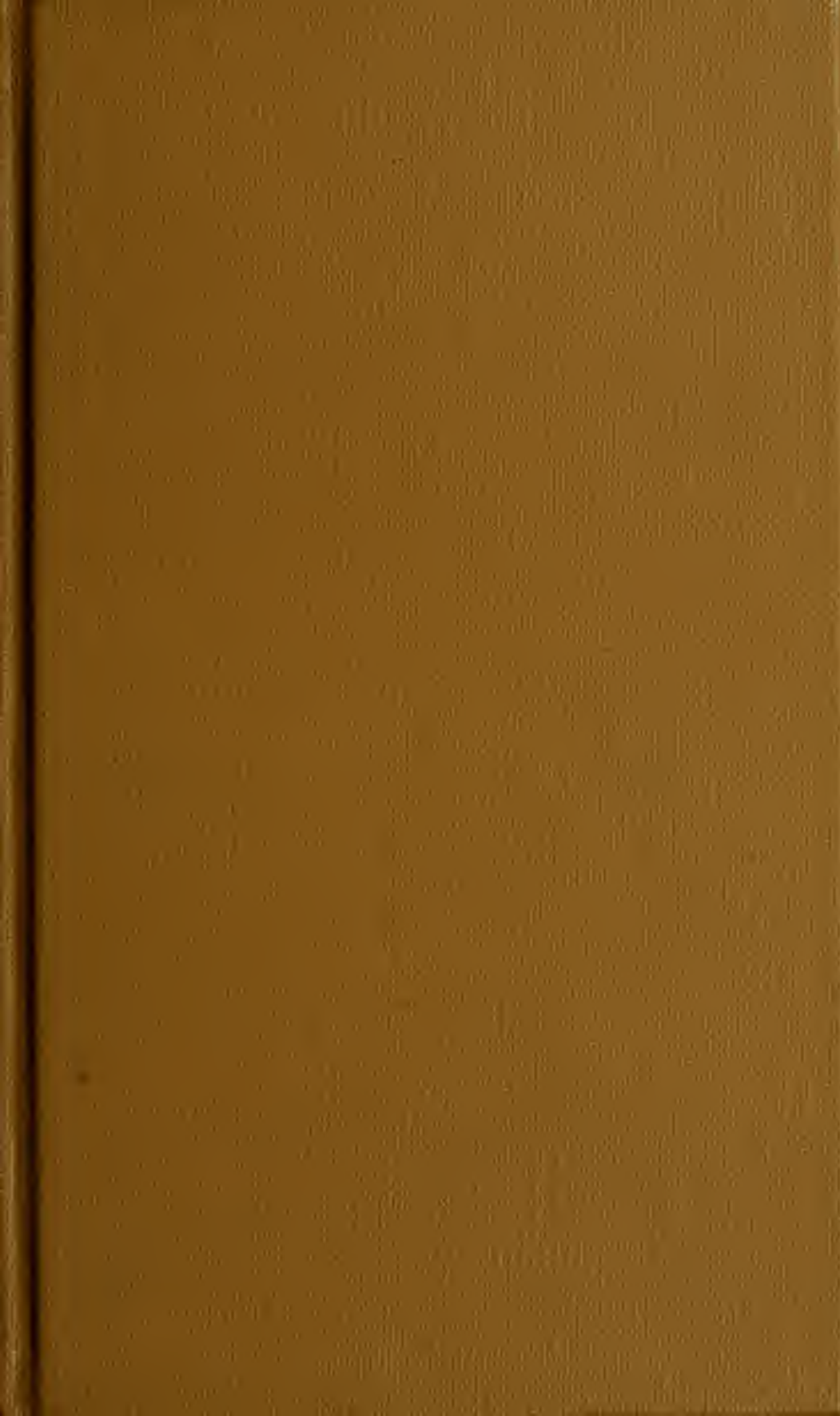




[Document C.]

BY THE HOUSE OF DELEGATES,
January 7th, 1847.

Read and ordered to be printed.

REPORT

OF THE

JOINT COMMITTEE

OF

BOTH HOUSES OF THE GENERAL ASSEMBLY,

APPOINTED UNDER

Resolution No. 8, of December Session 1840.

BY RESOLUTION NO. 37, OF THE LAST SESSION.

REPORT.

To His Excellency,

Thomas G. Pratt, Governor of Maryland:

The undersigned, a joint committee of the two Houses of the General Assembly of Maryland, appointed under resolution No. 37, passed at December session, one thousand eight hundred and forty-five, respectfully report :

That in compliance with the instructions set forth in general resolution, No. 8, of 1840, they visited the Treasury Office and examined the statement of the Treasurer of the State, and burned the currency bonds therein set forth as having been purchased by him for the augmentation of the Sinking Fund ; from the 1st of January, 1845, to the 31st of December, 1845, and which amounted to sixty-eight thousand four hundred and ninety-four dollars and five cents, (\$68,494.05.)

They also examined his statement of sterling 5 per cent. bonds and currency 3 per cent. bonds purchased during the same period for the same fund, amounting to £8,050, or thirty-five thousand seven hundred and seventy-seven dollars and seventy-seven cents, (\$35,777.77,) of sterling bonds, and thirty thousand dollars, (\$30,000,) of 3 per cent. currency bonds ; which bonds having the coupons annexed, were necessarily left in the hands of the treasurer for the receipt of the interest accruing thereon. The statement shewing the issues, numbers and amounts of said bonds are herewith annexed. Exhibit No. 1.

They also proceeded to the office of the Commissioner of Loans in the city of Baltimore, and during their several sittings, which the tedious labor and lengthened and minute investigations imposed upon them ; they examined carefully all the documents and records in said office for the year of 1845.

By the transfer book, they found that the change of stock during the year ending December 31st, 1845, had far exceeded that of any previous year, (and that of the preceding year two hundred and twenty-six thousand, six hundred and sixty-eight dollars and eighty-three cents,) (\$226,668.83,) the whole amount of transfers of stock for the year of 1845, being one million one hundred and fifty-five thousand, forty dollars and eleven cents, (\$1,155,040.11.) The accompanying statement marked A, ex-

hibits this in detail. The certificates of stock submitted to us, and for which the several transfers had been made were duly compared with the books, and burnt.

The committee also compared and counted the coupons submitted for their inspection, examining them with the entries in the cash book and found the same to correspond with the Commissioner's Report to the General Assembly. The amount of coupons burnt was two hundred and eighteen thousand, one hundred and eighty-nine dollars and sixty-five cents, (\$218,189.65,) being nearly double the amount of the same item for the preceding year.

The several sums of these coupons are exhibited in statement B.

Statement C, exhibits a list of coupons returned by the Chesapeake and Ohio Canal Company, and taken from bonds issued under chapters 336 and 396, of the acts of the General Assembly of Maryland, for December session, 1838.

This statement shows the number of coupons returned by the Chesapeake and Ohio Canal Company, to the Commissioner of Loans, to be two thousand four hundred and ninety-six, (2,496,) coupons, amounting to ninety-five thousand four hundred and forty-nine dollars, (\$95,449,) which were carefully counted by the committee and burnt.

The books from which certificates had been issued as well for interest as in exchange for surrendered coupons, offered to the committee a long and difficult task, the issues having largely increased over preceding years from their more general use by tax payers throughout the State. These evidences of debt were singly and carefully examined as to number, amount and date, and then burnt. In the course of this part of their duty the Committee discovered several errors, chiefly owing to the manner in which the issue of certificates is made. From what appears unavoidable, the issues are not always made immediately upon the deposit of the coupons or upon the interest as it becomes due, but in sums and at times to suit the convenience of the depositor or of the holder of State's bonds. Hence errors were found to have occurred, the issue on several amounts deposited exceeding or falling short of that due. Omitting some smaller amounts the following errors fell under the notice of the committee:

James Lownds, deposit of \$1,421.75, on the 11th	
January, over issue, - - - - -	\$45 00
This error was occasioned by a transposition of figures by the clerk.	
G. Nicholson, deposit of \$211.75, on the 23rd January, short issue, - - - - -	15 25
Johnson & Lee, deposit of \$1,633.50, on the 3rd March, over issue, - - - - -	50
Jacob Carnan, for interest due 1st July, short issue, - - - - -	9 50
Johnson & Lee, deposit of \$2,541, on the 8th July, short issue, - - - - -	10 00

Pennington & Hoffman, trustees for interest due July 10th, short issue,	-	-	-	-	51	88
Spicer, Medcalf & Co. deposit of \$605, on the 15th July, short issue,	-	-	-	-		50
James Lownds, deposit of \$14,547.95, on the 18th August, over issue,	-	-	-	-	126	73
James Lownds, deposit of \$2,359.50, on the 26th September, short issue,	-	-	-	-	109	48
James Lownds, deposit of \$1,928, on the 17th October, over issue,	-	-	-	-	6	00
						\$374 84

The amount of over issues to James Lownds \$68.25, the committee received coupons for and burnt them, thereby closing Mr. Lownds' account entirely for the year of 1845.

The collectors returns of coupons and certificates were next examined. These in many cases were made extremely intricate from the loose manner in which they are rendered to the Commissioner. They were severally examined in detail, and as with the destruction of the certificate, no evidence remained with the State of its having been redeemed, the committee deemed it advisable to note each with its number, date of issue, the time when due, and amount, which necessarily places in the archives of the State, a copy of each collector's return in detail.

In the course of this examination the committee discovered the following errors in the returns and receipts given.

Henry Bushey, of Baltimore county, received a receipt for \$10.00, more than the amount returned, which he has since made good.

John W. Onion, of Baltimore county, received a receipt for 20 cents more than his return.

Benjamin Swingley, of Washington county, returned two coupons of \$15 each for which he received no receipt (the committee find two coupons referred to by the preceding committee of a like amount which they found and did not destroy, which may be the same two now found,) but the committee here state the fact, that they burnt those two coupons with the others, and leave to the legislature the task of reimbursing to Mr. Swingley the amount of \$30, in any manner they may think proper.

William Lyles, received a receipt for \$5, more than his return.

Jesse Hunt, Register of the city of Baltimore, received a receipt for \$8, more than his return.

Correcting these errors, the committee found that there had been received for taxes in part for 1841, 1842, 1843, 1844 and 1845, the aggregate amount of \$446,444.33, in coupons and certificates of interest, at the Loan Office in 1845, (being \$95,812.72, more than the preceding year.) Exhibit D, is a statement of these returns. As the items were recorded by one of the committee, as they were examined with the certificate books

of issue, nothing material was added to the time occupied by the committee, although the bulk of the document appears so great.

The committee also examined the cash book comparing it with the dividend book, certificate books, and vouchers of the expense of the office.

The following statement shows the result of the examination,—
Cash payments by loan office on account of back interest due in 1842, foreign and domestic:

For the half year ending June 30th, 1845, -	-	\$81,791 65
For the quarter ending September 30th, 1845, -	-	95,933 19
do do December 31st, 1845, -	-	61,373 32

Gross amount of cash payments, \$239,098 16

Amount of payments by Loan Office in certificates for interest due in 1845:

For the half year ending June 30, 1845, -	-	\$121,091 71
For the quarter ending September 30th, 1845, -	-	53,993 44
do do December 31st, 1845, -	-	115,426 26

\$290,511 41

Making the gross amount of payment from the loan office, on account of back interest due in 1842, and interest falling due in 1845, including expenses of loan office, &c. the sum of - - - \$529,609.57

The following statement shows the amount of cash received at the loan office from the Treasurer on account of the payments to be made in London for interest due in 1842.

Amount received - - -	-	113,380.44
Gross amount paid by loan office in 1845 on account of interest due in London for the year 1842, including exchange commission, &c. -	-	101,880.93

Showing a balance due the treasury on the 1st January, 1846, of - - - - - 11,499.51

Although adding to their labours the committee found it necessary to pursue the examination of several deposits made in 1845, and entered in cash book for that year, into the certificate books for 1846. These were chiefly large accounts, but their duty could not have been completed without such examination. It is due to state, that the committee closed all the issues on account 1842 coupons that were issued in 1846 books.

In the course of their examination of the certificate books the committee found several certificates of small amount which appear to have been "marked off," by the committee for 1844. As that committee burnt all the certificates they examined, we received them upon the presumption that some error had occurred in the previous "marking off," and in this conclusion we were strengthened from the fact that the check numbers on the

margin of the certificate books were found to be somewhat irregular, causing some trouble in the examination by the committee.

The committee would respectfully call the attention of the legislature, to an account for interest due the Barings of London, which accrued on an advance made by them to the State, on the first of January, 1842, of £20,000, the principal of the advance was repaid by the State in 1843 and 1844, and the interest on account of this advance amounted on the 31st day December, 1845, to the enormous sum of £3,407.10s, or \$16,492.28. This account has increased to this large amount by the Barings compounding the interest, or adding the interest to the principal at the end of each year, and making the whole bear interest for the next year. If this state of things is to continue for any length of time, the State will owe to the Barings a large debt, accumulated from a small amount of interest. The committee would recommend that a law be passed authorising the Commissioner of Loans to have this account adjusted at the proper rate of interest, and then authorise the payment of what may be found to be just.

Another subject should in the opinion of the committee, engage the attention of the legislature. It is the fact, of the Commissioner of Loans remitting large sums of money to the Barings to London, for the payment of coupons due for arrearages of interest, due to foreign bond holders. The money has been paid to the proper parties by the Barings, but the coupons have not been returned to this country to be registered, where alone the State can know the fact, that they have been redeemed.

The committee think some person should be employed by the State as her agent, to receive from the Barings the amount of coupons paid by them, give them a receipt for the same, and bring them to the office of the Commissioner of Loans to be registered, and then destroyed.

In closing this report the committee take the liberty to state, that after a close and thorough performance of their duties, they have been forced to the conclusion, that some additional assistance should be given to the Commissioner of Loans. He has now but a single clerk, and he not paid by the State. Had the State been able to have met her liabilities in cash, then the single clerk could have performed all the duties of the office. But with her failure to meet promptly all her engagements, came increased labor upon the Commissioner of Loans. The doubts as to her ability to pay, threw her stock into market, and the same amount in a few days passed through several hands, divided into small parcels, which threw additional labour upon the office in the way of transfers. This will be seen by the transfers as exhibited in this report with that of former years. And this part of the duty of the office appears still to be on the increase, from the fact that the transfers for the year of 1845 exceeded that of 1844 the sum of \$226,667.83.

It was the non-payment of the interest on her bonds, and her

honorable exertion to meet that indebtedness that led to the passage of the coupon law, as a means to facilitate the collection of taxes, as well as a considerable relief to the tax payer and the public creditor. But this also has increased the labour of the office,—a labour which no man can have an accurate idea of, who has not familiarized himself with the same from personal observation. Another labor is involved in this law, in the requirement made of the collectors to make their returns of coupons and certificates to the Commissioner of Loans.

With all the labours added to those heretofore incident to the office, when the State made cash payments on her bonds, with punctuality, the committee could not hesitate in giving as their unanimous opinion, that such errors as they have discovered and detailed, must occur so long as means for performing the duties of the office in a proper manner are not afforded by the State.

This evil, necessarily produces others, such as too great an economy in the terms of the entries, which ought to explain themselves, but which is not now the case, nor can it be, so long as the duties involved so much of minute detail, and are of so varied a character, and all to be performed by one clerk, who however laborious and efficient, he may be, must be liable from the multiplicity of his duties to commit mistakes. In nothing that he have said do we intend to be understood in the slightest degree to impute any neglect to the Commissioner of Loans, or the gentleman who acts as his clerk, but rather the reverse. But we would earnestly recommend to the legislature the passage of a law fixing the compensation of a clerk on the part of the State, to be selected by the Commissioner of Loans, whose duty it should be to aid in keeping the books of the office, and checking all entries made, and preparing and submitting accurate statements of all the transactions of the office to the committee who may be appointed to examine the same. Under the present system competent men may not always be selected to perform the arduous and almost interminable duty required of a committee in a proper examination of the business of the office, and there are few men actively engaged in business at home, who if they were aware of the amount of labor to be performed, and the time required to be lost in the business season of the year, who could be induced to accept the appointment as a member of the committee under any consideration. If we have found it our duty to note down the errors we have specified in this report, at the same time we feel it equally a duty to say, that the commission of similar errors will be apt continually to occur unless means be applied in the way of additional clerical aid to prevent them, and the clerk deserves great credit for his care and industry in preventing a much larger number of mistakes.

While the citizens of Maryland are using every means in their power to extricate her from her critical position in regard to her finances, it is due to her tax payers that ample protection be given to the means they cast into her treasury, for the security of

her honor, by such an organization of all her financial departments as shall leave no room for errors, from penurious employment of agents, nor inadequate legislation to regulate their duties.

In finally bringing this report to its close, the committee cannot do so without expressing their hearty commendation to the Commissioner of Loans and his clerk, from whom, in their long and arduous examination, they have received the most polite attention, and every facility requisite to the performance of their duties.

All of which is respectfully submitted,

FRANCIS J. HOOVER,
CLINTON COOK,

On the part of the House.

FRANCIS P. PHELPS,

On the part of the Senate.

Baltimore, December 11th, 1846.

[Document D.]

BY THE HOUSE OF DELEGATES,

January 15th, 1847.

Read and ordered to be printed.

COMMUNICATION

FROM THE

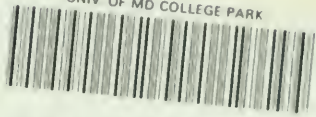
President of the Baltimore and Ohio Rail Road Company,

TO

THOMAS DONALDSON, ESQ.,

CHAIRMAN OF THE COMMITTEE ON WAYS AND MEANS.

UNIV. OF MD COLLEGE PARK



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N. MANCHESTER,
INDIANA

